

## Message Text

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12

ACTION EUR-25

INFO OCT-01 IO-14 ISO-00 AGR-20 STR-08 CEA-02 CIAE-00

COME-00 DODE-00 EB-11 FRB-02 H-03 INR-10 INT-08 L-03

LAB-06 NSAE-00 NSC-07 PA-04 RSC-01 AID-20 CIEP-02

SS-20 TAR-02 TRSE-00 USIA-15 PRS-01 SP-03 FEA-02

OMB-01 SWF-02 DRC-01 /194 W  
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R 152026Z MAY 74

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 9165

INFO USMISSION EC BRUSSELS

USMISSION GENEVA

AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY ROME

AMEMBASSY COPENHAGEN

AMEMBASSY THE HAGUE

AMEMBASSY DUBLIN

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E.O. 11652: N/A

TAGS: EAGR, FR

SUBJECT: ITALIAN DEPOSIT SCHEME AND FRENCH AGRICULTURAL  
EXPORTS

REF: PARIS 10834; PARIS 11160; PARIS 11360

1. ITALY IS EXTREMELY IMPORTANT MARKET FOR CERTAIN FRENCH  
AGRICULTURAL PRODUCTS. ACCORDING TO GOF STATISTICS FOR  
1973, 85 OF CALF EXPORTS, 84 CATTLE EXPORTS, AND 42  
FRESH AND CHILLED BEEF AND VEAL EXPORTS WERE SHIPPED  
TO ITALY. FOR FRESH DAIRY EXPORTS, (MILK, CREAM,  
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BUTTER, CHEESE) THE FIGURE IS OVER 20 AND FOR

PORK 78. REPORTS INDICATE THAT EXPORTS OF THESE PRODUCTS ARE DOWN SUBSTANTIALLY, WITH THE ITEMS OF GREATEST CONCERN BEING BEEF AND VEAL STOCKS. HOWEVER, THE FRENCH HAVE INDICATED THAT THEY WILL TAKE NO UNILATERAL ACTION BEFORE NEXT WEEKS EC MINISTERIAL MEETING.

2. AS PRESIOUSLY REPORTED, THE FRENCH ARE CONSIDERING GOF ASSISTANCE TO MAKE FUNDS AVAILABLE TO COVER THE SIX-MONTH DEPOSIT REQUIREMENTS AND TO ABSORB ANY CHARGES INVOLVED IN THE SCHEME. THE FRENCH EXPORTER WILL BE REQUIRED TO OBTAIN A NORMAL COMMERCIAL CONTRACT IN FRENCH FRANCS PLUS AN IRREVOCABLE LETTER OF CREDIT. WITH THESE TWO DOCUMENTS, PAYMENT OF THE ITALIAN PURCHASES WILL BE MADE AS FOLLOWS: 50 OF THE TOTAL AS IN NORMAL TRANSACTIONS, AND 50 AT THE END OF THE SIX-MONTH PERIOD. THE BANK OF FRANCE WILL AGREE TO MAKE THE FUNDS AVAILABLE FOR THE DELAYED PAYMENT AND CREDIT RESTRICTIONS IN FORCE WILL BE WAIVED. LAST, THE LINE OF CREDIT

WILL BE FINANCED BY CREDIT AGRICOLE. ACCORDING TO ONE SOURCE, FRENCH AUTHORITIES HAVE ALREADY APPLIED THE SYSTEM IN A FEW CASES AND ARE EXAMINING UNOFFICIALLY OTHER APPLICATIONS ON A CASE BY CASE BASIS.

3. THE MAJOR HITCH IN APPLYING SUCH A MEASURE, ASSUMING THE FRENCH DECIDE TO DO SO, IS THE RELUCTANCE ON ITALIAN IMPORTERS TO ACCEPT A SIX-MONTH CONTRACT REPAYABLE IN FRENCH FRANCS. THE IMPORTERS FEAR A POSSIBLE DEVALUATION OF THE LIRA. THE GOF IS WILLING TO PROVIDE A MAINTENANCE OF VALUE GUARANTEE BUT IS INSISTING SO FAR THAT THE CHARGES FOR SUCH GUARANTEES BE BORNE BY THE IMPORTER.

4. THE FRENCH DEFINITELY WOULD PREFER TO SEE A COMMUNITY-WIDE SYSTEM APPLIED WHICH WILL GIVE SOME RELIEF TO THE ITALIANS. THEY INDICATE THAT THEY ARE IN FAVOR OF THE PROPOSAL TO PERMIT A 7.5 DEVALUATION OF THE "GREEN LIRA" AND SUPPRESSION OF THE COMPENSATORY BORDER TAXES. IN THE FRENCH CASE, LIMITED OFFICIAL USE

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THE INCIDENCE OF THE COMPENSATORY TAX IS SLIGHT.  
IRWIN

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** COMMUNITY RELATIONS, ECONOMIC DEVELOPMENT, IMPORT CONTROLS, MINISTERIAL MEETINGS, MEATS  
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**Draft Date:** 15 MAY 1974  
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**Disposition Case Number:** n/a  
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**Disposition Date:** 28 MAY 2004  
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**Film Number:** D740120-0486  
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